

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

In re:

FRANCHISE GROUP, INC., *et al.*,<sup>1</sup>

Debtors.

Chapter 11

Case No. 24-12480 (JTD)

(Jointly Administered)

**FIRST SUPPLEMENTAL DECLARATION OF ERIC KAUP IN FURTHER SUPPORT  
OF DEBTORS' MOTION FOR ENTRY OF INTERIM AND FINAL ORDERS (I)  
AUTHORIZING THE DEBTORS TO ASSUME THE CONSULTING AGREEMENT;  
(II) AUTHORIZING AND APPROVING THE PROCEDURES FOR STORE CLOSING  
SALES, WITH SUCH SALES TO BE FREE AND CLEAR OF ALL LIENS, CLAIMS,  
AND ENCUMBRANCES; AND (III) GRANTING RELATED RELIEF**

I, Eric Kaup, hereby declare under penalty of perjury that the following is true to the best of my knowledge, information and belief:

1. I am Vice President, Chief Commercial Officer & Special Counsel of Hilco Trading, LLC ("Hilco Global"), the ultimate parent company of Hilco Merchant Resources, LLC

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<sup>1</sup> The Debtors in these Chapter 11 Cases, along with the last four digits of their U.S. federal tax identification numbers, to the extent applicable, are Franchise Group, Inc. (1876), Freedom VCM Holdings, LLC (1225), Freedom VCM Interco Holdings, Inc. (2436), B. Riley Receivables II, LLC (4066), Freedom VCM Receivables, Inc. (0028), Freedom VCM Interco, Inc. (3661), Freedom VCM, Inc. (3091), Franchise Group New Holdco, LLC (0444), American Freight FFO, LLC (5743), Franchise Group Acquisition TM, LLC (3068), Franchise Group Intermediate Holdco, LLC (1587), Franchise Group Intermediate L, LLC (9486), Franchise Group Newco Intermediate AF, LLC (8288), American Freight Group, LLC (2066), American Freight Holdings, LLC (8271), American Freight, LLC (5940), American Freight Management Company, LLC (1215), Franchise Group Intermediate S, LLC (5408), Franchise Group Newco S, LLC (1814), American Freight Franchising, LLC (1353), Home and Appliance Outlet, LLC ([•]), American Freight Outlet Stores, LLC (9573), American Freight Franchisor, LLC (2123), Franchise Group Intermediate B, LLC (7836), Buddy's Newco, LLC (5404), Buddy's Franchising and Licensing, LLC (9968), Franchise Group Intermediate V, LLC (5958), Franchise Group Newco V, LLC (9746), Franchise Group Intermediate BHF, LLC (8260); Franchise Group Newco BHF, LLC (4123); Valor Acquisition, LLC (3490), Vitamin Shoppe Industries LLC (3785), Vitamin Shoppe Global, LLC (1168), Vitamin Shoppe Mariner, LLC (6298), Vitamin Shoppe Procurement Services, LLC (8021), Vitamin Shoppe Franchising, LLC (8271), Vitamin Shoppe Florida, LLC (6590), Betancourt Sports Nutrition, LLC (0470), Franchise Group Intermediate PSP, LLC (5965), Franchise Group Newco PSP, LLC (2323), PSP Midco, LLC (6507), Pet Supplies "Plus", LLC (5852), PSP Group, LLC (5944), PSP Service Newco, LLC (6414), WNW Franchising, LLC (9398), WNW Stores, LLC (n/a), PSP Stores, LLC (9049), PSP Franchising, LLC (4978), PSP Subco, LLC (6489), PSP Distribution, LLC (5242), Franchise Group Intermediate SL, LLC (2695), Franchise Group Newco SL, LLC (7697), and Educate, Inc. (5722). The Debtors' headquarters is located at 109 Innovation Court, Suite J, Delaware, Ohio 43015.

(“Hilco”), which maintains an office at 5 Revere Drive, Suite 206, Northbrook, Illinois 60062.

2. On November 12, 2024 I submitted that certain Declaration Of Eric Kaup In Support Of Debtors’ Motion For Entry Of Interim And Final Orders (I) Authorizing The Debtors To Assume The Consulting Agreement; (II) Authorizing And Approving The Procedures For Store Closing Sales, With Such Sales To Be Free And Clear Of All Liens, Claims, And Encumbrances; And (III) Granting Related Relief [ECF No. 162] (the “First Declaration”) in support of the *Debtors’ Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to the Consulting Agreement; (II) Authorizing and Approving the Procedures for Store Closing Sales, with such Sales to be Free and Clear of all Liens, Claims and Encumbrances; and Granting Related Relief* (the “Motion”).

3. I submit this first supplemental declaration (the “First Supplemental Declaration”) on behalf of Hilco in further support of the Debtors’ Motion, and to disclose an additional Hilco connection to a Party in Interest<sup>2</sup> that arose subsequent to submission of the First Declaration.

4. The facts set forth in this First Supplemental Declaration are based upon my personal knowledge, information, and belief, and upon records kept in the ordinary course of business that were reviewed by me or other employees of Hilco under my supervision and direction. If called as a witness, I would testify to the facts set forth in this First Supplemental Declaration.

5. Subsequent to submission of the First Declaration, Hilco discovered that Hilco Brands, an affiliate of Hilco, had made a recent investment in a portfolio of trademark equity investments previously owned by B. Riley. In some cases, Hilco Brands (along with its partner,

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<sup>2</sup> Capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Motion or the First Declaration, as the context makes applicable.

TPG Angelo Gordon (“TPG”)) participated in a loan to B. Riley securitized by certain of such equity investments, and in other cases, Hilco Brands (along with its partner, TPG) outright purchased certain of such equity investments. To Hilco’s knowledge, none of the acquisitions in question involved any property that B. Riley acquired from the Debtors.

6. From and after the submission of this First Supplemental Declaration, Hilco will continue to conduct periodic inquiries regarding any subsequently arising connections to any Party in Interest, and if at any time during the period of Hilco’s engagement if Hilco should discover any facts bearing on the matters described herein, Hilco will supplement the information contained in this First Supplemental Declaration.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge, information and belief.

Dated: December 18, 2024

**Hilco Merchant Resources, LLC**

By:   
Eric Kaup  
EVP, CCO & Special Counsel, Managing  
Member

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